

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 XMB-02 FTC-01 /112 W
----- 041982

R 191858Z SEP 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4937

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, UK

SUBJ: PRIME MINISTER RESPONDS TO TRADE UNION CALLS FOR
IMPORT CONTROLS

REF: LONDON 14290

1. PRESSURE ON THE GOVERNMENT FOR SELECTIVE IMPORT
CONTROLS WAS STEPPED UP WHEN THE RECENT TRADE UNIONS
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CONFERENCE MEETING GAVE STRONG BACKING FOR A CALL TO

LIMIT IMPORTS OF TEXTILES, CLOTHING AND FOOTWEAR. IN A SUBSEQUENT SPEECH TO AN INDUSTRIAL GROUP PRIME MINISTER WILSON REJECTED GENERAL IMPORT CONTROLS WHILE HINTING AT PROTECTIVE MEASURES FOR SERIOUSLY INJURED INDUSTRIES. EEPT. OF TRADE SAYS SPEECH DOES NOT REPRESENT ANY CHANGE IN GOVERNMENT POLICY OF HOLDING THE LINE AGAINST RESTRICTIVE TRADE MEASURES.

2. THE TUC CONGRESS MEETING OF SEPTEMBER 1-8 PASSED A RESOLUTION ASKING THE BRITISH GOVERNMENT AND THE EUROPEAN COMMUNITY "TO IMPLEMENT POLICIES THAT WOULD ASSIST THE INDUSTRY TO MAINTAIN ADEQUATE LEVELS OF EMPLOYMENT" AND "TO CONTROL IMPORTS OF TEXTILES, CLOTHING, KNITWEAR AND LEATHER GOODS FROM LOW COST COUNTRIES AND ALSO APPLY QUOTA RESTRAINTS AGAINST AREAS OF UNFAIR COMPETITION". LE MURRAY, GENERAL SECRETARY, PROCLAIMED DURING THE DEBATE THAT THE TUC WOULD NOT RELAX ITS PRESSURE FOR SELECTIVE IMPORT CONTROLS. HE CLAIMED THE TEXTILE, FOOTWEAR AND CLOTHING INDUSTRIES WERE LOSING 6,000 WORKERS A MONTH BECAUSE IMPORTS WERE

RISING AT AN ANNUAL RATE OF 20 PERCENT. HE REJECTED GOVERNMENT ARGUMENTS ABOUT RISKS OF RETALIATION IF IMPORTS WERE CONTROLLED AND CLAIMED SOME IMPORTED KNITWEAR GOODS WERE MARKETED IN THE UK AT A PRICE LOWER THAN THE COST OF RAW MATERIALS.

3. WILSON RESPONDED TO TUS DIRECTLY BY LETTER WHICH WE UNDERSTAND CONVEYED SAME MESSAGE CONTAINED IN A PASSAGE OF A RECENT SPEECH GIVEN AT A FACTORY OPENING. HE ARGUED IT WAS AGAINST BRITAIN'S INTEREST TO IMPOSE ANY GENERAL IMPORT CONTROLS BECAUSE THIS WOULD PROVOKE A RETALIATION WITH EVEN MORE SEVERE CONSEQUENCES FOR BRITAIN. "IT WOULD BE PRECISELY THE EXPORTS WHICH HAVE PRODUCED BRITAIN'S WORLD TRADE SURPLUS IN MANUFACTURES AVERAGING 300 MILLION POUNDS A MONTH THAT WOULD BE VULNERABLE TO SUCH RETALIATION." HE THEN WENT ON TO LIMITED OFFICIAL USE

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SAY "I DO NOT RULE OUT PROTECTIVE MEASURES FOR PARTICULAR INDUSTRIES SUFFERING SERIOUS INJURY AS A RESULT OF INCREASED IMPORTS, FOR EXAMPLE WHERE THERE IS EVIDENCE OF DUMPING OR OTHER FORMS OF UNFAIR TRADING." THE PRESS SEIZED ON THE PROTECTIVE ASPECTS OF THIS STATEMENT--FINANCIAL TIMES FRONT PAGE HEADLINE WAS

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R 191858Z SEP 75

FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4938
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
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"WILSON DOES NOT RULE OUT MEASURES AGAINST IMPORTS."

4. INQUIRIES AT DEPT. OF TRADE AS TO WHETHER WILSON'S
STATEMENT REPRESENTS ANY CHANGE OF POLICY HAVE PRODUCED
A SOLID "NO CHANGE IN GOVERNMENT POLICY." DOT SAYS
SPEECH WAS ONLY REAFFIRMATION TO INDUSTRY THAT ALL
INTERNATIONALLY AGREED ARRANGEMENTS AND LEGITIMATE POWERS
WOULD BE USED TO PROTECT DOMESTIC INDUSTRY WHEN ANY
PROPER CASE OF UNFAIR TRADING PRACTICE AROSE.

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5. COMMENT: IN THE FACE OF INCREASED STRIDENCY OF TUC DEMANDS FOR IMPORT CONTROLS WILSON HAS SOUGHT TO BE AS RESPONSIVE AND SYMPATHETIC AS POSSIBLE FOR OBVIOUS POLITICAL REASONS. MOST IMPORTANTLY, HE NEEDS TUC SUPPORT FOR HIS PROGRAM TO LIMIT WAGE INCREASES TO SIX POUNDS A WEEK AND FOR OTHER ELEMENTS OF HIS ANTI-INFLATION PROGRAM. AT THE SAME TIME, HE IS NOT SEEKING TO ALARM BRITAIN'S TRADING PARTNERS AT A TIME OF INCREASING INTERNATIONAL NERVOUSNESS ABOUT A POSSIBLE RESURGENCE OF PROTECTIONISM. ESSENTIALLY, HIS MESSAGE IS AN INDICATION FROM THE HEAD OF THE GOVERNMENT THAT HE IS UNDER INCREASING PRESSURE BUT WISHES TO HOLD THE LINE AGAINST PROTECTIONISM IF OTHER COUNTRIES DO THE SAME.

RICHARDSON

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TAGS: ETRD, UK, (WILSON, HAROLD)
To: STATE
Type: TE
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